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# The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

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Prices generally have moved a little lower in the last few weeks.

Biggest declines have been registered in prices farmers receive. The index dropped off moderately in May for the third consecutive month; is now 3 percent below the February peak. Accounting for most of the decline from April to May were lower prices for meat animals, strawberries, cotton, milk, wool, and wheat.

Prices farmers pay -- commodities, interest, taxes and wage rates -- eased off from mid-April to mid-May. The decline was the first in 16 months. Most of it was due to reduced prices for feeder cattle and some seeds.

Since the decline in prices paid was less than in prices received, the parity ratio for May was down to 108 compared with 109 in April and 113 in February.

Wholesale prices also have drifted lower but in mid-May the index was only 1 percent below the peak of late March. Wholesale prices of farm products have borne the brunt of the decline in the last few weeks.

Employment, and income continue high, supporting a strong demand for farm products and other goods and services.

Factories have been producing a little less civilian goods in the last few months. But expanding output of munitions, producers' equipment and transportation equipment has kept overall industrial production on an even keel. In coming months, defense production will play a greater role in industrial output. Manufacturers' backlogs of orders are continuing to grow, mostly because of more defense orders.

The construction industry also is busy. Spending for new construction in April was 11 percent above March, almost a fifth above a year earlier. Outlays for new plants by private concerns and public spending for industrial plants and military facilities accounted for most of the increase.

Employment is at high levels and the number of jobless is down to the lowest point since October 1948.

Personal incomes are still rising. The annual rate for March was 242½ billion dollars, 1.2 billions above February, 23.2 billions above a year earlier. Consumer purchasing has picked up recently but is at a lower rate than during the buying wave last winter. Inventories of goods in the hands of manufacturers, wholesalers and retailers are large.

LIVESTOCK Under the new ceiling regulation, prices for live cattle will average about a tenth less than in April and about the same as in January. Rollbacks scheduled for August 1 and October 1 would lower live cattle prices to about the levels of last June.

Cattle slaughter fluctuated considerably from week to week after the ceilings were announced. However, the total for May was up about seasonally over April. Late in May, cattle prices were a little above the ceilings that were about to go into effect.

Hog slaughter was unusually steady from March to mid-May. Prices during the period also were stable. Seasonal declines in slaughter are now underway and prices are expected to strengthen.

DAIRY PRODUCTS Consumers will use more fluid milk and ice cream this year than last, but butter consumption will be down to about the record low of 10 pounds per person of 1948. About the same amounts of other manufactured products will be consumed as in 1950.

Cash receipts of dairymen this year probably will be near the record 1948 total of 4.4 billion dollars because of larger production. Prices will average below 1948. Higher costs will offset much of the expected gain in receipts.



POULTRY AND EGGS The seasonal reduction in egg supplies this fall is likely to be greater than usual. Fewer stored eggs will be available than last year because movement into storage this spring has been unusually low. Furthermore, the number of early pullets started this spring was below a year ago, and the supply of early eggs from this source will be smaller.

Chicken prices declined only slightly from mid-April to mid-May, despite large marketings of broilers and seasonally increasing sales of farm produced chickens.

FATS AND OILS Fats and oils prices generally declined in May. Among the edible oils, corn and peanut oils were off sharply while soybean and cottonseed oils dropped below ceilings for the first time. Most industrial oils also declined.

FEEDS Feed grains prices have dropped a little below February and March but are about a fifth above a year earlier. With more livestock on farms than last year and livestock product prices considerably higher, demand for feed continues strong.

WHEAT Prices of wheat probably will decline less than seasonally as the new crop is harvested. Supporting the market will be a smaller early movement of winter wheat and export purchases under the new International Wheat Agreement Program.

Wheat prices in mid-May were down 3 cents from a month earlier. The average of \$2.11 was 12 percent below parity and below the support price likely to be set for the 1951 crop.

FRUIT With demand stronger and production smaller, prices for apricots and sweet cherries, which will begin coming to market in volume in July, probably will average higher than a year earlier.

VEGETABLES Vegetable crops intended for spring harvest developed later than usual this spring; marketings in June and July probably will be heavy. As a result, prices are likely to drop more rapidly than usual for this season.

Acreages of sweet corn, tomatoes, and cucumbers for processing are expected to be up sharply this year. The snap bean, green pea and lima bean acreages also will show increases. Most other processing crops will be planted on about the same acreage as last year.

Supplies of early potatoes reaching market in June and July are expected to be much smaller than a year earlier. Consequently, prices are expected to average higher.

COTTON U. S. mills probably will consume about 10,760 thousand bales of cotton during the current season. Exports probably will total 4.2 million. This would result in a carryover of 1.9 million bales when the season ends July 31, the smallest since 1925.

By the end of April, farmers had sold 99.6 percent of their 1950 crop cotton.

TOBACCO Cigarette manufacture in 1950-51 fiscal year is expected to reach 410 billion, 26 billion above last year and a new record.

The 1951 crops of flue-cured, burley, and Maryland -- cigarette type tobaccos -- are expected to be larger than last year.

